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October 23, 2007

VIA E-FILEING AND HAND DELIVERY

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Application of Southland Utilities, Incorporated for Adjustment of Rates and
Charges for the Provision of Water Service
Docket No. 2007-244-W

Dear Mr. Terreni:

Please accept this letter as a late filed exhibit (Hearing Exhibit No. 3). During the hearing, a Commissioner requested Mr. Townes to provide the operating margin and rather than complete the calculation from the stand, ORS requested the opportunity to provide this information as a late filed exhibit. The Operating Margin (After Interest) is 11.19%.¹

If you have any questions or need additional information, please let me know.

Sincerely,

Nanette S. Edwards

cc: John M.S. Hoefer, Esquire
Benjamin P. Mustian, Esquire

¹ ORS calculated the operating margin using the methodology set forth in the Southland's last rate case. *In Re: Application of Southland Utilities, Inc., for Approval of New Schedule of Rates and Charges for Water Service to Creekwood and Cedarwood Subdivisions in Lexington County, South Carolina*, Docket No. 90-551-W, Order No. 91-221, para. 12 page 20 (March 18, 1991).